

## Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 TRSE-00 OMB-01  
JUSE-00 FTC-01 CIAE-00 INR-10 NSAE-00 SP-02 OES-07  
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P 261831Z MAY 78  
FM AMEMBASSY VIENNA  
TO SECSTATE WASHDC PRIORITY 6551  
INFO AMEMBASSY PARIS  
USMISSION USUN NEW YORK

C O N F I D E N T I A L VIENNA 04837

C O R R E C T E D C O P Y (TEXT, PARA ONE)

PARIS FOR USOECD

E.O. 11652: GDS  
TAGS: EINV  
SUBJECT: COMMISSION ON TRANSNATIONAL CORPORATIONS: FINAL  
WRAP-UP

REF: VIENNA 4798 AND PREVIOUS

1. BEGIN SUMMARY. COMMISSION ON TNCS ENDED IN RELATIVELY GOOD ATMOSPHERE LATE AFTERNOON OF MAY 26 FOLLOWING COMPLETION OF OTHER WORK AFTER THE PREVIOUS DAY'S DEBATE ON RESOLUTION ON SOUTHERN AFRICA AND ITS PASSAGE (REPORTED PREVIOUS TELS). GROUP AGREED ON NON-SUBSTANTIVE JOINT LANGUAGE ENDORSING WORK ON CODE OF CONDUCT AND ON ILLICIT PAYMENTS. ON JOINT LANGUAGE REACHED ON INFORMATION STILL PROVIDES CONSIDERABLE FLEXIBILITY TO CENTRE FOR TRANSNATIONAL CORPORATIONS IN DEVELOPING ITS INFO SYSTEM, BUT IS IN FORM GENERALLY ACCEPTABLE TO US AND OTHER DEVELOPED COUNTRY DELEGATIONS. COMMISSION ALSO AGREED TO ESTABLISH A NEW AD HOC INTERGOVERNMENTAL WORKING  
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GROUP OF EXPERTS ON ACCOUNTING AND REPORTING STANDARDS, BUT ITS MANDATE IS ONLY TO REPORT ON FURTHER STEPS AND EXAMINE PRIORITIES IN THE FIELD. END SUMMARY

2. IN DELEGATION'S VIEW, OUTCOME ON SOUTHERN AFRICA ISSUE WAS UNEXPECTED ONLY IN SENSE THAT TWO WAIVERERS, CANADA AND SWITZERLAND, IN THE END JOINED US, UK, FRG AND

FRANCE IN VOTING AGAINST RESOLUTION. THIS WAS UNDOUBTEDLY DUE TO EXTREME TERMS OF RESOLUTION, WHICH CALLED FOR AN END TO ALL COLLABORATION WITH RACIST MINORITY REGIMES IN SOUTHERN AFRICA. NO SERIOUS NEGOTIATION ON ISSUE EVER TOOK PLACE, ALTHOUGH U.S. TOOK PAINS TO SUGGEST WE WERE PREPARED TO NEGOTIATE, AND APPARENTLY CANADIANS (WHO ALSO ARE CHAIRING COMMISSION) MADE A SEPARATE AND EQUALLY UNSUCCESSFUL EFFORT. OUR MAJOR CONCERN AT THIS POINT IS NOT OVER FALLOUT FROM DEBATE -- WHICH TOOK ON THE PATTERN OF A SET AND PREDICTABLE PIECE -- BUT OVER THE CONSIDERABLE AMOUNT OF FUTURE WORK ON SOUTHERN AFRICA ISSUES WHICH COMMISSION HAS RECOMMENDED TO JULY ECOSOC BE GIVEN TO CENTRE, INCLUDING REPORTS (FOR EXAMPLE, ON TNCS AND ARMA-MENT) WHICH ARE BY THEIR VERY NATURE HIGHLY BIASED IN APPROACH.

3. RESULT OF DISCUSSION ON CODE OF CONDUCT AND ILLICIT PAYMENTS WAS LARGELY NON-SUBSTANTIVE AND FINAL LANGUAGE OF COMMISSION'S REPORT REFLECTS THAT. ON CODE OF CONDUCT HOWEVER, DEVELOPING COUNTRIES MADE SEVERAL EFFORTS TO INSERT LANGUAGE INTO AGREED SECTION OF FINAL REPORTING WHICH WOULD COMMIT SUB-GROUP TO COMPLETE ITS WORK BY NEXT MAY'S COMMISSION SESSION. IN THE END, HOWEVER, IT WAS AGREED ONLY THAT CODE OF CONDUCT GROUP SHOULD CARRY OUT ITS WORK EXPEDITIOUSLY TO COMPLETE ITS MANDATE AND TO REPORT TO THE COMMISSION AT ITS FIFTH SESSION. DISCUSSION, CONFIDENTIAL

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HOWEVER, SHOWED WIDE GAPS ON CODE ISSUES IN POSITIONS OF COUNTRIES REPRESENTED.

4. ON CENTRE'S INFORMATION SYSTEM, FINAL REPORT CONTAINS SEVERAL AGREED CAUTIONS FROM GROUP ABOUT IN PARTICULAR GENERAL CORPORATE INFORMATION SYSTEM, NEED FOR ACCURACY OF DATA AND NEED FOR GREATER CLARITY IN SELECTION OF FIRMS INCLUDED IN THE SYSTEM. IT ALSO INCORPORATES OUR PROPOSAL FOR AN ANNUAL REVIEW OF THE SYSTEM "IN ALL ITS ASPECTS", LATTER PHRASE SIGNIFYING OUR CONCERNS ON COSTS OF SYSTEM. IT ALSO ENDORSES CONCEPT THAT SYSTEM SHOULD BE BASED ON EXPRESSED NEEDS OF GOVERNMENTS, AND ASKS EXECUTIVE DIRECTOR OF CENTRE TO UNDERTAKE A SURVEY IN THIS CONNECTION.

5. COMMISSION ALSO RECOMMENDED TO ECOSOC THAT A NEW AD HOC INTERGOVERNMENTAL GROUP OF EXPERTS ON ACCOUNTING AND REPORTING STANDARDS BE ESTABLISHED, BUT MADE ITS MANDATE ONE OF ESTABLISHING PRIORITIES WITHIN THIS FIELD AND MAKING A REPORT TO NEXT COMMISSION ON NEXT STEPS. THIS IN EFFECT SUPERCEDES PREVIOUS PRIVATE GROUP OF EXPERTS ON THIS SUBJECT AND THEIR REPORT, WHICH IS CITED AS ONLY ONE OF A NUMBER OF SOURCES AND GROUPS WHICH THE NEW GROUP SHOULD

DEAL WITH.

6. ISSUE OF BERLING REPRESENTATION WITHIN FRG DELEGATION  
WAS SETTLED BY USUAL EXCHANGE OF LETTERS. EGYPTIAN REP IN  
THE END WAS REBUFFED BY FELLOW G-77 REPS IN HIS ATTEMPT TO  
HAVE ISRAELI ACTIVITIES IN SINAI CONDEMNED BY COMMISSION  
RESOLUTION, AND FINAL REPORT WILL RECORD HIS EXCHANGE  
WITH ISRAELI OBSERVER ON THIS ISSUE. BORG

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMISSIONS, MULTINATIONAL CORPORATIONS, MEETING REPORTS  
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**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
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